USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 1/31/2007

GAIN Report Number: BR7604

Brazil

Fresh Deciduous Fruit

Apple and Pear Production and Trade

January 2007

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Report Highlights:
Post forecasts apple production at 820,000 tons in 2007. The domestic market's inability to absorb the increase in production and the forecast production deficit in the European Union (EU) is likely to boost Brazil's export sales. Brazilian apple production in 2006 was frustrated due to drought, followed by untimely spring rains that affected pollenization. Brazil is not a significant producer of pears, and imported 119,000 tons in 2006, a near 25 percent increase over 2005.

Includes PSD Changes: No
Includes Trade Matrix: Yes
Unscheduled Report
Brasilia [BR1]
[BR]

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Executive Summary

After a tough year for Brazilian apple producers in 2006, the outlook for 2007 calls for a recovery in production and revitalization of export sales. Trade sources forecast production at 820,000 tons. If production estimates come through, exports are forecast at approximately 100 thousand tons, since the internal market will not likely absorb a large increase in fresh apple supply.

Production

After harvesting 816,000 tons in 2005 and little over 656,000 tons in 2006, Brazilian apple producers have just started to harvest the 2007 crop, and expect to increase production in 2007 due to better weather conditions that they are currently experiencing. Sources forecast apple production for 2007 at approximately 820,000 tons.

Production in 2006 was affected negatively by both drought and untimely spring rains, which interfered with pollenization. Another factor in the decrease was a significant number of Fujis that were taken out of production in order to plant new trees or other varieties. However, the consistent cold weather, with average temperatures of 7 degrees Celsius (44 degrees Fahrenheit), had a positive impact on yields.

Total area planted to apples in Brazil is estimated at 36,094 hectares, which is concentrated in Southern Brazil. The state of Santa Catarina remains the main apple producer in Brazil, maintaining its share at approximately 58 percent this year, followed by the state of Rio Grande do Sul with 37 percent. The number of apple growers in Brazil is estimated at 2,352, of which 70 percent are located in the state of Santa Catarina.

The cold storage capacity for apples is estimated at 550,000 tons, which supplements additional conventional storage. The state of Santa Catarina accounts for most of the apple storage capacity in Brazil, holding 54 percent of the cold storage and 43 percent of the conventional storage capacity. It is reported to be sufficient for the entire crop.

TABLE I –Apple Production and Area Harvested, by state, 2005 and 2006 crop year

States	Production (Tons)		Area Harvested (Hectares)	
	2005	2006	2005	2006
São Paulo	1,700	1,400	150	150
Paraná	42,000	35,000	1,877	1,950
Santa Catarina	491,300	366,000	18,428	18,721
Rio Grande do Sul	279,000	252,000	14,956	15,260
Brazil	816,005	656,406	35,411	36,081

Source: ABPM/IBGE

Consumption

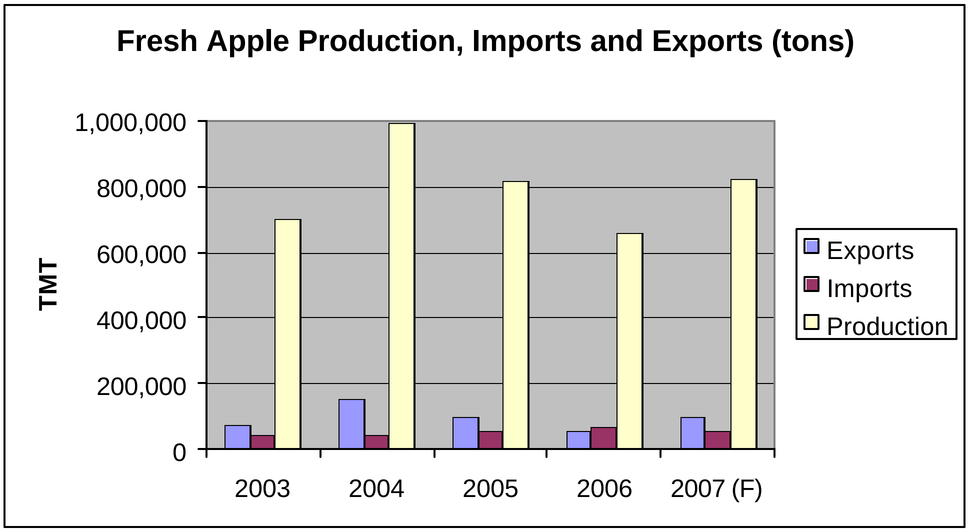
Nearly 80% of total production is for fresh consumption, commercialized through wholesale markets in major capitals of the country. Production of apple juice is increasing slowly and large apple processors in the state of Santa Catarina are developing new strategies to increase the domestic use of apples. New products include frozen pulp, dehydrated apples, cider, aromas, and apple cakes and pies. Per capita consumption in Brazil is estimated at approximately 5 kg/person per year, nearly half of what is consumed in Argentina.

Table II – Brazilian Apple Market (in metric tons):

	2003	2004	2005	2006	2007 (F)
Exports	76,466	152,279	99,332	57,147	100,000
Imports	42,363	42,478	57,144	67,545	55,000
Production	701,015	989,961	816,000	656,000	820,000
Consumption	808,197	859,435	773,812	666,300	775,000

Source: Office of Agricultural Affairs (OAA), based on interviews with trade sources.

Trade



Trade

Since 2004, fresh apple exports have been decreasing, reaching approximately 57 thousand tons. Producers are increasing focus in the domestic market, although the main cause of declining international sales are due to unfavorable exchange rates and unattractive prices abroad. Fresh apple exports are forecast to increase in 2007, as production is expected to grow and the internal market is not capable of absorbing the production surplus. Experts indicate the foreign sales may reach 100 thousand tons in 2007. Another indication for increasing sales abroad is the expected 6% deficit in the EU production, due to losses triggered by weather problems. Europe remains the main destination of Brazilian fresh apple exports, with over 90% destined there.

Apple imports increased 18 percent in 2006, reaching nearly 68 thousand tons. Argentina continues to lead fresh apple supplies to Brazil, owning 76 percent of the market share. However, Chile took advantage of Brazil's weather problems to increase their exports to Brazil. Italy doubled their exports to Brazil vis-à-vis last year's numbers, and the U.S., for the first time in 3 years, exported apples to Brazil. Increasing consumption of fruits and higher income have boosted domestic consumption and increased opportunities for apple imports in Brazil.

Policy

For the past three years, Brazilian apple producers have increased fruit quality and expanded exports through new practices adopted with the implementation of the Integrated Apple Production (PIM) program, a partnership between the Brazilian Apple Association (ABPM) and the Ministry of Agriculture (MAPA).

The program focuses on environmentally safe procedures to reduce production costs and decrease use of chemicals. Approximately 283 apple producers are currently involved with the PIM program, reaching a total of 17.3 thousand hectares and producing nearly 462 thousand tons of apples. Producers state that total cost of production has decrease 14.5 percent, and use of Fungicides (15 percent), Herbicides (67 percent) and Insecticides (25 percent) has declined significantly.

Marketing

Brazilian Export Promotion Agency (APEX) has doubled funds to conduct market promotion activities for Brazilian apples in selected markets, mostly in trade shows in the European Union. The funds are estimated at US$1 million.

Joint trade missions (major apple exporters together with the federal government) are also working overseas to open new markets for Brazilian apples. The overall goal of the Brazilian market promotion for apples is to enter the Asian market, followed by market promotion in the European Union to increase sales of Fuji variety in addition to Gala.

Table - São Paulo: Wholesale prices for fresh apples, 2005-2006

Variety	Gala, US$		Fuji, US$	
Month	2005	2006	2005	2006
Jan	0.80	1.42	0.76	1.41
Feb	0.73	1.42	0.86	1.79
Mar	0.66	0.93	0.92	1.32
Apr	0.68	0.90	0.88	1.23
May	0.75	0.84	0.89	1.03
Jun	0.77	0.87	0.92	1.03
Jul	0.83	0.96	0.95	1.14
Aug	0.85		0.96	
Sep	0.89		0.99	
Oct	0.94		1.01	
Nov	1.16		1.13	
Dec	1.21		1.13	
Average	0.86	1.05	0.95	1.28

Statistical Tables

Table III – Brazil: Imports of Apples by Country of Origin, 2002-2005, in metric tons:

Brazil: Imports of Fresh Apples								
Commodity (HTS): 080810								
Import Duty (Ad Valorem), effective Jan 2004: 10 percent assessed on the CIF value of the product								
Year To Date: January – November								
Partner Country	Unit							% Change
		2004	2005	2006	2004	2005	2006	2006/205
World	T	36,538	57,144	67,545	100%	100%	100%	18.20
Argentina	T	28,448	44,742	51,161	77.86%	78.30%	75.74%	14.35
Chile	T	7,668	8,411	12,082	20.99%	14.72%	17.89%	43.65
Uruguay	T	401	1,929	1,491	1.10%	3.38%	2.21%	-22.71
Italy	T	0	506	1,054	0.00%	0.89%	1.56%	108.30
Spain	T	2	952	748	0.01%	1.67%	1.11%	-21.43
France	T	19	546	643	0.05%	0.96%	0.95%	17.77
Portugal	T	0	59	235	0.00%	0.10%	0.35%	298.31
United States	T	0	0	93	0.00%	0.00%	0.14%	0.00

Table IV – Exports of Apples by Country of Destination, 2002-2005, in metric tons:

Brazil: Exports of Fresh Apples							
Commodity (HTS): 080810							
Year To Date: January - November							
Partner Country	Quantity (Tons)			Market Share			% Change
	2004	2005	2006	2004	2005	2006	2006/2005
World	153,022	99,332	57,147	100%	100%	100%	-42.47
Netherlands	57,338	28,882	15,718	37.47%	29.08%	27.50%	-45.58
United Kingdom	17,859	14,877	10,584	11.67%	14.98%	18.52%	-28.86
Germany	15,396	8,398	5,499	10.06%	8.45%	9.62%	-34.52
Sweden	9,782	8,983	4,469	6.39%	9.04%	7.82%	-50.25
Finland	4,948	5,591	3,538	3.23%	5.63%	6.19%	-36.72
Spain	4,761	4,271	2,847	3.11%	4.30%	4.98%	-33.34
France	4,944	5,035	2,752	3.23%	5.07%	4.82%	-45.34
Portugal	6,154	4,239	2,493	4.02%	4.27%	4.36%	-41.19
Ireland	3,918	3,148	2,324	2.56%	3.17%	4.07%	-26.18
Bangladesh	3,073	4,916	2,234	2.01%	4.95%	3.91%	-54.56
Belgium	5,657	1,891	1,607	3.70%	1.90%	2.81%	-15.02
Denmark	1,949	2,294	1,198	1.27%	2.31%	2.10%	-47.78
Others	17,243	6,807	1,884	11.27%	6.85%	3.30%	-72.32

Table V – Brazil Imports of Pears by Country of Origin, 2002-2005, in metric tons:

Brazil: Imports of Fresh Pears								
Commodity (HTS): 080820								
Import Duty (Ad Valorem), effective Jan 2004: 10 percent assessed on the CIF value of the product								
Year To Date: January - November								
Partner Country	Unit							% Change
		2004	2005	2006	2004	2005	2006	2006/2005
World	T	70498	96389	118616	100%	100%	100%	23.06
Argentina	T	58946	82805	102048	83.61%	85.91%	86.03%	23.24
Portugal	T	2557	3789	5632	3.63%	3.93%	4.75%	48.64
Spain	T	959	2756	3226	1.36%	2.86%	2.72%	17.05
United States	T	2997	2676	2658	4.25%	2.78%	2.24%	-0.67
Chile	T	3205	2130	2449	4.55%	2.21%	2.06%	14.98
Uruguay	T	1833	2184	1876	2.60%	2.27%	1.58%	-14.10
Italy	T	0	49	727	0.00%	0.05%	0.61%	1383.67